and at that point of time. At the same time.... *(Interruptions)*...

SHRI AJIT P. K. JOGI: Please give us a specific assurance that this problem will be solved. That is all.

SHRI TRILOKI NATH CHATURVEDI: Mr. Chairman, Sir, let there be a Half-an-Hour discussion on this question.

SHRI T. R. BAALU: No, Sir. Mr. Chairman, Sir, if it is a public sector undetaking, right now I could have given an assurance.

SHRI TRILOKI NATH CHATURVEDI: Sir, we request you to allow a Half-an-Hour discussion on this question.... *(Interruptions)*....

SHRI T. R. BAALU: Sir, if they don't allow me to answer it, I cannot answer it.

श्रीनलीनभाईलालजीभाई पटेल: महोदय, हाफ एन आवर डिसकशन दे दीजिए....., (व्यवधान)

SHRI T. R. BAALU: If it is a public sector undertaking ...*(Interruptions)*...

MR. CHAIRMAN: Mr. Baalu, this is a very important question. You are referring to the Mangalore Refinery. But this can now happen all over India. Therefore, I am prepared to allow a Half-an-Hour discussion on this. Now, Question No. 82.

*82. [*The Questioner, (Dr. Manmohan Singh) was absent. For answer vide col. 31 infra*].

Projection of requirement of petroleum products

*83. SHRIMATI JAYANTI PATNAIK: Will the PRIME MINISTER be pleased to state:

(a) what is the projection of the present and future requirement of petroleum products in the country;

(b) the quantity being produced in the country and that being imported; and

(c) what are the details of the trend of increase in imports and the import bill?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI T.R. BAALU): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) According to Oil Economy Budget for 1996-97, the demand of petroleum products is estimated at 78.4 MMT and demand of petroleum products is estimated at 113 MMT by the end of IX Five Year Plan.

(b) The estimated production of petroleum products for current year is 61.49 MMT and a quantity of 22.06 MMT of petroleum products is proposed to be imported.

(c) The trend of import of crude oil and major petroleum products and the import bill from 1994-95 to 1996-97 is as under:

Quantity : MMT
Value : Rs. crores

Item	1994-95		1995-96 (Provisionsal)		1996-97 (April-December) (Provisional)	
	Qty.	Value	Qty.	Value	Qty.	Value
Crude Oil	27.35	10316	27.35	11517	25.6	13940
LPG	.592	416	1.12	816	.85	748
SKO	4.24	2405	5.001	3325	3.25	2645
HSD	8.64	4360	12.9	7760	9.71	7179

Item	1994-95		1995-96 (Provisionsal)		1996-97 (April-December) (Provisional)	
	Qty.	Value	Qty.	Value	Qty	Value
Petroleum products	13.951	7521	20.33	12577	14.46	1097
Total Imports (Gross)	41.3	17837	47.7	24094	40.1	24909

The above shows an increasing trend in respect of import of major petroleum products, crude oil and over-all import bill.

MR. CHAIRMAN: Now, Question No. 83—Shrimati Jayanti Patnaik.

SHRI RAGHAVJI: Sir, you may please club with it Question No. 87 also. They both are on the same subject.

SHRI AJIT P.K. JOGI: No. That question is regarding oil pool deficit. That is a different question.

SHRIMATI JAYANTI PATNAIK: Sir, the Minister has stated in his reply that the demand for petroleum products is increasing and at the same time the import bill is also going up. With regard to production of petroleum products in the country, I may say that the growing demand is coupled with the declining self-sufficiency on the oil front. Our record on further exploration is pathetic. OIL and ONGC clearly don't have that kind of resources that they need to explore new fields and develop the discovered ones. The question of privatisation programme comes up. But the private sector participation in oil exploration does not, however, reflect the required urgency. It has been said that the bidding process has been *ad hoc* and non-transparent and has been plagued by bureaucratic and procedural tangles nor have the better quality blocks been opened up for exploration. In such a situation, I would like to know from the hon. Minister as to what his strategy for the future is to meet the gap between the demand and the supply and also to save variable foreign exchange by reducing the imports. I would like to know whether the progress made so far could ensure this. If so, by which year and how?

SHRI T.R. BAALU: Sir, we have to enhance oil production. We have oil deposits in certain areas. Our thrust in the coming years will be on exploration of oil in deep-sea waters, carrying out scientific surveys for better understanding of oil-fields, judicious reservoir management, adoption of specialised technology, implementation of schemes for development of oil fields, encouraging private sector participation for exploration of oil, etc.

SHRIMATI JAYANTI PATNAIK: Sir, I will now come to refining capacity. The Indian refining capacities are unlikely to be more than 90 MMTs against the required capacity of 137.2 MMTs. The private sector has not evinced much interest in adding to the refining capacities. What are the bottlenecks coming in the way of adding to the refining capacities? What are the steps being taken by the Government to increase the refining capacities?

SHRI T.R. BAALU: Sir, there is no problem as far as the refining capacity is concerned. Our refining capacity is 60.55 MMT. The demand by 2001-02 would be 113 MMT or something like

that. So, our capacity is 60.55 MMT and the crude through-put is 62.5 MMT. Actually, the petroleum products production is 61.5 MMT.

श्री रामजीलाल: महोदय, स्टेटमेंट में मंत्री जी ने कहा है कि 1996 के तेल बजट के समय पैट्रोलियम उत्पादों की मांग 78.4 एमएमटी होने का अनुमान था और 9वीं पंचवर्षीय योजना में 113 एमएमटी होने का अनुमान बताया है। मैं कहना चाहता हूं कि आपने 113 एमएमटी का खर्च तो बताया है लेकिन उत्पादन कितना करेंगे। 9वीं पंचवर्षीय योजना में आप इसका कितना उतपादन करेंगे ताकि बाहर से आयात कम किया जा सके?

SHRI T.R. BAALU: Sir, by the end of the 9th Five Year Plan, we will have a refining capacity of 130 MMT, whereas our demand will be only 113 MMT. So, we will be self-sufficient in refining capacity.

श्री संजय निरुपम: मैं आपके माध्यम से मंत्री महोदय से जानना चाहता हूं कि क्या आयल सेक्टर को डीरेगुलेट करने की कोई प्लानिंग चल रही है? पिछले दिनों विजय केलकर कमेटी ने कुछ रिकमेंडेशंस दी थीं, अपनी रिपोर्ट जमा की थीं। उसमें शायद ऐसा सजेशन था कि आयल सेकटर को डीरेगुलेट किया जाए तो पैट्रोलियम प्रोडक्ट्स की ज्यादा खोज हो सकती है और आयल रिजर्व्स ज्यादा मिल सकते हैं। लेकिन अगर डीरेगूलेट किया जाता है तो उसमें बाहर की कंपनियां आएंगी और उनकी डिमांड यह है कि सबसे पहले पैट्रोलियम प्रोडक्ट्स के प्राइसेज बढ़ाने की बात करें। तो मेरा सवाल यह है कि क्या पहले डीरेगुलेट करने जा रहे हैं और डीरेगुलेट करने के बाद पैट्रोलियम प्रोडक्ट्स के प्राइसेज को हम कैसे कंट्रोल कर सकेंगे?

SHRI T.R. BAALU: Sir, the E&P area involves a lot of risk. That is why we encourage not only privatisation but we also want to deregulate. At the same time, it is under active consideration of the Government.

SHRI DIPANKAR MUKHERJEE: Sir, it is very clear from the reply that there is an increasing trend in import of crude as well as the value. Now, my experience emanates from the fact that after a lot of talk about privatisation and joint ventures, as far as I know—and I have given this report to the Ministry also—in one of the joint ventures under the Oil India Limited in Kharsang Oil Field, the production has come down. In another joint venture, which is now with the Reliance group, the production cost has gone up by three times. Thirdly, is it not a fact that in North Brahmaputra there has been a proposal from the Oil India Ltd. for exploration and that it has been stalled for months together because some private party is interested? Are all these things helping in exploration or production of oil at a cheaper cost in India? Will the Minister be prepared for an inquiry into all the joint ventures which were entered into during the last four or five years? I would like to have an inquiry into this. Let us have an appraisal of their performance as to how much production of oil has increased, how much investment has been made. Or, are these things only on paper? The CAG's report on Panna-Mukta is being placed. So, I would like to have an inquiry into all these joint ventures and I would like to know whether they have gained anything out of it and if we have lost, what we have lost.

SHRI T.R. BAALU: Sir, his suggestion will be looked into.

SHRI SANJAY DALMIA: Sir, I would like to know from the Minister whether it is a fact that gas is being supplied to industrial units at US $ 1 plus rate as against international price of US $ 3 plus. In this connection, I would like to know two things. One: What is the total amount of subsidy or the loss which the Government and oil companies are incurring by way of giving gas at US & 1 plus instead of US $ plus? Two: Has the Government any plan to bring this price to the international level of US $ 3 plus rather than continuing to supply it at US $ 1 plus level as is being done today? So, I would like to know about the extent of total loss which the Government is incurring and whether the Government is intending to stop this loss immediately.

SHRI T.R. BAALU: Sir, our market is concerned with the rupee and not with the dollar. At the same time, I would like to inform the hon. Member that we are selling one thousand cubic metres of gas at Rs. 1850/- and in the North-Eastern States we are selling one thousand cubic metres of gas at Rs. 1,000.

SHRI SANJAY DALMIA: Sir, my point was the international price of gas is US $ 3 plus and the Indian price at which we are supplying gas to industries is US $ 1 plus. There is a difference of two-third. We are supplying gas at one-third of the international price. As we know, there is a deficit in the Oil Pool Account. Therefore, my question was: How much is the loss which the Oil Pool Account is having on account of this? Secondly, is there any proposal to wipe out this loss by increasing the price to US $ 3 plus which is the normal international price?

SHRI T.R. BAALU: Sir, we are not concerned about the international price while fixing the price of gas in the domestic market. After calculating the production cost plus a percentage of profit, we sell at that rate to our industry.

SHRI SANJAY DALMIA: What is the loss, Sir? What is the loss which the Oil Pool Account is incurring on account of this?

SHRI T.R. BAALU: Sir, as on 31.3.97, the deficit will be Rs. 15,500 crores. ...(*Interruptions*)...

SHRI SANJAY DALMIA: How much? ...(*Interruptions*)...

MR. CHAIRMAN: Please sit down. Let the Minister reply.

SHRI T.R. BAALU: Sir, I am not having the figures relating to gas. Sir, by 31.3.1997, we are expecting a total deficit of Rs. 15,500 crores in the Oil Pool Account. This is an assessment.

SHRI SATISH AGARWAL: Mr. Chairman, Sir, thank you very much. The production in the hydro-carbon sector has gone down from 35.15 million tonnes to about 27 million tonnes. Is the Minister aware that as far back as 1974, a special cess was levied through an Act of Parliament which was to be earmarked for the development of oil industry and as on date, the total accreditation to that fund is more than Rs. 30,000 crores, and only Rs. 1,000 crores have been given for the development of oil industry. This is one good reason why this industry suffers and production suffers. Has the Minister taken up the issue or will he take up the issue with the Ministry of Finance so that the total amount of Rs. 30,000 crores which is your money and which is meant for you, as approved by Parliament, should be given back to this hydro-carbon sector for proper development and to wipe out the entire Rs. 15,000 crore deficit in the Oil Pool Account?

SHRI T.R. BAALU: Sir, as a matter of fact, as per the OIDB Act, whatever cess is collected at the well-head is absorbed in the Consolidated Fund of India. Again, as per an Act of Parliament, it has to come back to the OIDB to make use of it for developmental activities in the oil sector. I would like to correct Shri Agarwalji that the total accreditation to the fund is Rs. 26,000 to Rs. 27,000 crores and not Rs. 30,000 crores.

SHRI SATISH AGARWAL: It is more than the deficit in the Oil Pool Account. It is Rs. 27,000 crores. All right. I stand corrected.

SHRI T.R. BAALU: Out of this Rs. 26,000 crores, we have received Rs. 900 crores. As far as the balance is concerned, the Parliament has to make an Act to that effect so that it is sent back to the OIDB.

I have written to the hon. Finance Minister two or three times. .....(*Interruptions*)..... I have to get a reply from him. .....(*Interruptions*)..... As far as depletion in the crude oil production is concerned, ...(*Interruptions*).....

SHRI SATISH AGARWAL: How has this amount gone to the Excise head?

.....(*Interruptions*)..... It belongs to you. .....(*Interruptions*)..... It is only because of this reason that the country is suffering. .....(*Interruptions*).....

SHRI TRILOKI NATH CHATURVEDI: Sir, various Parliamentary Committee have also commented on it. .....(*Interruptions*)..... The report of the CAG is also there on the subject .....(*Interruptions*)..... It is your money. It has specifically been given to you by an Act of Parliament. Why is it being allowed to be used for some other purposes? .....(*Interruptions*).....

SHRI SATISH AGARWAL: How can it go to the Consolidated Fund? .....(*Interruptions*)..... What is the Minister going to do in this regard? .....(*Interruptions*).....

SHRI T.R. BAALU: Sir, I have already said that I have written to the Finance Minister .....(*Interruptions*)..... I have walready answered this question. .....(*Interruptions*).....

MR. CHAIRMAN: He has taken up this issue with the Finance Minister.....(*Interruptions*).....

SHRI T.R. BAALU: Sir, it is the responsibility of the Parliament to get us back this money. .....(*Interruptions*)..... It is for the hon. Members .....(*Interruptions*).....

SHRI SATISH AGARWAL: Parliament is always coming to your assistance .....(*Interruptions*)..... I raised this issue during the last Budget Session. .....(*Interruptions*)..... We are ready to help you. We are all with you on this issue if you want to get back the money .....(*Interruptions*).....

SHRI T.R. BAALU: Sir, as far as the second part of the question with regard to depletion in the crude oil production is concerned, there should not be any panic or any such thing. It is not a new phenomenon in the case of crude oil production. Sir, in 1990-91, the crude oil production was 33.021 MT. It has decreased gradually. In 1992-93 it was 30346 MT. In 1993-94, it was 2695 MT. In 1994-95, it went up aain and it was 32.237 MT, and in 1995-96, even higher rates 35.149 MT. But, it was gone down again. So, it is not a new phenomenon. It depends on various factors like maintenance of oil wells, pressure of gas, etc. We have started many programme sot accelerate the production of crude oil. We have earmarked more then Rs. 6,000 crores for exploration maintenance of oil wells and other things to increase the production.

*84 *[The questioner (Shri Brahmakumar Bnaft was absent. Eor answer vide column. 32 infra]*

Flaring of Gas

*85. SHRI K.M. SAIFULLAH: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that a huge quantity of gas is flaring up;

(b) if so, the quantity of gas fleared during each of the last three years; and

(c) the reasons for which this gas was not utilised?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI T.R. BAALU): (a) The current rate of flaring of gas is around 3.6 MMSCMD.

(b) The flaring in the last three years was as follows:

1993-94	—	5.27 MMSCMD
1994-95	—	5.53 MMSCMD
1995-96	—	3.81 MMSCMD

(c) Flaring of gas is due to technical requirements of field operation, lack of infrastructural facility, fluctuations in offtake by consumers, availability of gas at isolated structures etc.

SHRI K.M. SAIFULLAH: Sir, my question was with regard to the flaring of gas. The Minister has answered in one line that 3.33 MMSCMD is flared. Anybody can write this. I would like to